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CENTRAL INTELLIGENCE AGENCY
OFFICE OF NATIONAL ESTIMATES

[ONE]
STATEMENT OF ACTIVITIES AND PROBLEMS

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I. MISSION

The basic concept of O/NE is that it has but one mission: to produce national intelligence estimates in close collaboration with the IAC agencies. We have subordinated all else to this end. We consider the NIE the end-product of the entire national intelligence process, a product designed to serve as essential intelligence backing for US policy and planning at the highest level of government.

In the discharge of its mission O/NE considers itself an integral part of a joint production mechanism, of which it serves as coordinator. O/NE sets the estimate process in motion, guides it through this process, and coordinates and reviews the estimate as it emerges until the estimate is forwarded to the IAC with a recommendation for its approval in its existing or in modified form.

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II. ORGANIZATION

To discharge its mission, O/NE has been organized into three major components and in addition affiliates the services of a number of consultants.

a. The Board of National Estimates consists of the Assistant Director as chairman, six to eight members, and the D/Asst. Director (Adm) as member ex officio and executive secretary. Members are selected by the Director from among outstanding scholars, experts in the fields of strategy, political science, economics and other social sciences, and individuals having wide experience in the field of intelligence at the highest level.

b. The Estimates Staff consists of a group of intelligence officers selected for their competence to give substantial staff support to the Board of National Estimates. This support is of three kinds: (1) Preparation of draft estimates from all sources including contributions submitted by the intelligence organizations of the Department of State, the Joint Staff, the Army, the Navy, the Air Force, the Atomic Energy Commission, the Federal Bureau of Investigation, and offices within CIA; (2) Providing knowledge and judgment on trends and developments in areas the world over; and (3) Providing liaison with organizations which this office serves or is served by on a continuing basis.

The preparation of draft estimates (planning and synthesis of IAC contributions) is the responsibility of a small number of intelligence officers, the General Group, who are required to utilize a broad knowledge and substantive experience often transcending regional and functional lines in assessing the global significance and relative importance of developments and trends.

Expert knowledge (analysis and critical review of IAC contributions) is provided by a number of intelligence officers, the Specialists Group, who have been assigned specific responsibility for keeping informed and who advise on significant developments in a particular area or function, e.g., the Far East, or the field of military intelligence.

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Formal liaison with governmental activities not directly concerned with the production of national intelligence estimates is maintained by a small group with specific assignments. For example, one intelligence officer sits with the IAC Watch Committee, another works closely with and follows the activities of the Joint Staff, another assists the Director's office in providing CIA representation and support at the Staff level of the National Security Council,

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c. The Support Staff provides the administrative support for the Board of National Estimates and the Estimates Staff. Its activities include an information control unit, a reading room and reference center, a publications unit, and research, secretarial and clerical services.

d. The Panel of Consultants is used in addition to the above internal organization of the office. This Panel consists of a number of eminent individuals of national reputation in their respective fields. It does not participate in the day to day operations of the office but has referred to it for comment the most important draft estimates prepared by the Board. Selected members of the Board and the Staff meet with the Panel for extended discussion on vital intelligence issues about once a month.

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III. THE NATIONAL ESTIMATES PROCESS

The production of national estimates through the collaboration of numerous IAC agencies and CIA offices has entailed the development of a complex, at times cumbersome, estimates machinery. The role of O/NE and the Board of National Estimates vis-a-vis that of the other agencies and offices in this machinery is still in the course of evolution. Over the past year, however, an effective working relationship has been achieved.

The first step in the estimates process, the initiation of a national estimate, is based either on a request from the policy-makers or on the suggestion by an intelligence component that a situation is developing of which the policy makers should be apprised. Such proposals have come from wide and varied sources, ranging from White House or NSC requests to suggestions by various IAC agencies and O/NE. O/NE considers it one of its most important functions to constantly survey the world situation and to foresee future policy problems on which national estimates are required. Roughly half of the estimates produced to date have been suggested by O/NE itself, while a large percentage have been initiated at the request of other IAC agencies. Such anticipation of policy requirements should be more fully developed, for the initiation of estimates should not await specific requests from the policy maker but be prepared in anticipation of his needs.

The IAC itself or the DCI on its behalf must approve the scheduling of a national estimate. The chief criteria for IAC approval have been that it be timely i.e., that it be needed, and that it be national in scope. In practice, however, these criteria have not always been strictly adhered to and the IAC and O/NE face a constant problem in not overburdening themselves with secondary estimates, at the expense of the crucial ones.

The next step is to prepare the Terms of Reference for the estimate, which define the subject to be covered, ask the important questions which must be answered, and ask these in such form as to draw out the necessary intelligence. O/NE prepares the Terms of Reference, which are then submitted to the IAC agencies for discussion and revision prior to final approval by the Board. At times various agencies have sought to adopt too rigidly schematic and comprehensive a format for estimates, introducing into them material which was not directly pertinent. This tendency has been resisted by the Board. The approved Terms of Reference serve

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as guidance for the agency contributions, and although they have not been fully utilized for this purpose, as guides for intelligence research and collection effort as well.

Various sections of the agreed Terms of Reference are apportioned to the IAC agencies or to other CIA offices, in accordance with their responsibility and ability to contribute. The agencies are then expected to call upon all of their resources to produce a contribution by an agreed target date. These contributions are of crucial importance, for they are the foundation upon which the estimate is based.

Perhaps O/NE's most significant role in the estimates process is the preparation of the actual draft estimate on the basis of the contributions received. This function is assigned to a task team under the guidance of the Board. The draft, when finished, is carefully reviewed, revised, and often rewritten by the Board, assisted by its staff. In this phase O/NE does more than merely piece together the agency contributions. It seeks to integrate them into a cohesive estimate, evaluating them on the basis of its own background, adding material from its own sources, and drawing the necessary estimative conclusions.

The next stage is that of full scale agency coordination. After the IAC agencies have had an opportunity to review the draft estimate, the Board meets with the IAC representatives to discuss the draft. Every effort is made to resolve inter-agency differences of opinion and to take fully into account all agency views. The Board then submits its estimate to the IAC for final review.

The IAC, composed of the heads of all US intelligence agencies under the chairmanship of the Director of Central Intelligence, is the forum where remaining major agency differences are, if possible, resolved. In practice, the IAC's review, together with the prior coordination at the agency representatives' level, has insured that all NIE's are fully coordinated and has led to a remarkable freedom from agency dissent on the estimates O/NE has produced.

The above process, with its full allowance for coordination, has proved lengthy and time-consuming. NIE's have normally taken from one to three months to produce. When necessary the problem can be greatly accelerated, however, and O/NE has prepared coordinated estimates on a "crash" basis in a time as short as two days. Certain variants of the standard NIE also have been developed to meet special circumstances. Where the scope of an estimate extends beyond the

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strict sphere of intelligence or where it is for a special purpose and limited distribution it becomes a Special Estimate (SE), although the process is the same.

O/NE has drawn heavily on other CIA offices in support of its estimates, particularly where those offices, such as O/RR and O/SI, perform services of common concern which the other IAC agencies do not provide. An especially close and effective relationship has been developed with these two offices, which have done all of the substantive groundwork for more specialized scientific or economic estimates under the umbrella of the Board. The Economic Intelligence Committee, developed as an IAC subcommittee under O/RR chairmanship, and the network of scientific intelligence committees chaired by O/SI have proven useful instruments for bringing all of the government's resources in these fields to bear on various NIE's. O/NE has also drawn on O/FC, O/SC and O/CI resources as well.

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IV. PRODUCTION

O/NE and its collaborators produced, up to 15 February 1952, some sixty-five estimates, covering almost every geographical area and functional field. (See TAB "A" for a listing of NIE's and see TAB "B" for a listing of SE's.)

The bulk of these estimates have dealt in one form or another with Communist intentions and capabilities, particularly in the critical areas around the periphery of the USSR. Emphasis has been placed on the Far East, with twenty-two estimates on this general area, eleven of them connected with the Korean war.

In direct support of NSC policy formulation O/NE produced several key estimates, e.g., "Probable Developments in the World Situation through Mid-1953" (SE-13), "Key Problems affecting US Efforts to Strengthen the Near East" (NIE-26), and "Intelligence Implications of a Census and Verification of Armed Forces and Armaments" (SE-4). An assessment of the "Strength and Capabilities of Soviet Bloc Forces to Conduct Military Operations against NATO" (SE-16), was prepared for the US member of the NATO Standing Group.

A preliminary tentative correlation between NSC policy papers approved and NIE's produced would seem to warrant the following conclusions:

1. Excluding matters beyond the competence of an intelligence agency, O/NE has produced one or more estimates on almost all the policy problems coming before the NSC.
2. On some of the major problems coming before the NSC (e.g., Communist aggression in the Far East), production has been extensive.
3. There has been comparatively little correlation between NSC consideration of a problem and the pertinent O/NE estimates.
4. There has been in some cases a lack of comparability, in geographical scope and range of problems, between the estimates and the policy papers.
5. Although there do not appear to be major territorial gaps in intelligence coverage, some estimates dealing with problems in which the NSC is interested are expiring,

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and their revision in the light of new developments is due for consideration. (Some revisions are in process.)

6. There has been a noticeable absence of estimates on the consequences which might flow from the adoption of a proposed policy or course of action.
7. From the foundation of estimates laid, it should be possible to integrate the NSC and O/NE operations more closely in the future.

In addition to its formal estimates production, O/NE has kept the Director and Deputy Director of CIA informed of various related developments of an estimative nature. As a medium it has used a series of Memoranda to the Director, some fifty of which have been forwarded to date. O/NE has also provided a great deal of informal intelligence support to the NSC staff. At O/PC's request O/NE has occasionally commented on the intelligence assumptions underlying O/PC plans.

Current production and its status is summarized in the O/NE Status Report. (See TAB "C")

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V. EVALUATION OF THE PRODUCTION

EFFORT

The past year's production of national estimates and the evolution of a functioning national estimates machinery on a full inter-agency basis is considered to be developing satisfactorily. Neither the product nor the machinery has by any means been perfected, but as an initial effort in a new field of national coordinated estimating, they represent progress over a limited period. National estimates are proving useful to a widening audience of high government officials in Washington and abroad. They have received due recognition at the policy level as consolidated national intelligence.

The quality of the estimates themselves has been generally satisfactory, although in many cases they have inadequate intelligence backing and their conclusions, largely for this reason, are not always sufficiently clear. In particular many of the military estimates of Soviet armed strength and capabilities seem outdated, yet peculiarly resistant to change. As a rule the NIE's have been timely, but in some cases they may have been completed too late to exert a maximum effect. The scope of national estimates coverage has been comprehensive. Estimates have been produced on almost all emergent critical situations where it was considered intelligence had anything useful to contribute. Many of these estimates, however, have been quite short range in nature, and will have to be periodically reviewed. The intelligence agencies have met all of the outside requests for estimates and have initiated an even larger number. In the latter case, however, many of these estimates have not been directly related to the needs of the policy maker and the planner, partly because of a failure to make known their specific needs.

The production process has also revealed certain strengths and weaknesses. Its chief strength is that it has systematically produced, for the first time in US intelligence history, estimates which bring together the widest range of inter-agency resources and which present to the policy makers a single, consolidated US intelligence view. The system has resulted in genuine cooperation among the IAC agencies, which have devoted more of their resources to national estimates and have taken their production far more seriously than previously. The price paid for cooperation is time and toil. Producing estimates by the committee method is difficult and time-consuming, but the

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method is necessary if estimates are to be properly coordinated and differences resolved. In the majority of cases disagreements have been successfully ironed out in the series of inter-agency committee meetings which characterize the NIE process. On occasion, however, there is a tendency to dilute the estimate in an effort to reach agreement where serious conflicts are involved. Sometimes, and most regrettably, no estimate of chances for and against can be agreed to in a matter where such an estimate is clearly called for. These weaknesses are partly remediable and partly inherent in the joint estimates process itself.

Within CIA, the dissociation^{AS} of O/NE from all other intelligence functions has permitted undivided attention to estimates production and has resulted in better estimates being produced. Yet this separation of O/NE from all but the estimating function also tends to separate it from the unfinished intelligence on which its estimates are based. Despite efforts to brief itself independently and to check on agency contributions, O/NE must largely depend upon the quality of contributions received.

Finally, the estimates process has proved somewhat lengthy and time-consuming, partly because O/NE has been slow in producing many draft estimates and partly because of the time lag in agency contributions. This weakness too is partly inherent in the process because of the numerous committee meetings required for properly coordinated estimates and the heavy burden which producing a large number of estimates has placed on the limited resources of the agencies and O/NE. It must be remembered that the demands made by O/NE on the agencies are in competition with those placed on them by the JCS, NATO, SHAPE, and their own Departments.

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VI. PROBLEMS

1. Defining the sphere of "national" estimates.

Any definition of national intelligence is elastic and open to varying interpretation. The national estimates system therefore faces a constant problem of how to confine its output to "national" estimates which the policy makers really need. If its products become too numerous and too indiscriminating, any intelligence agency, particularly one producing for a select high-level audience, runs a serious risk that this product will no longer be seriously read. There is a tendency for departments to ride their "hobbies" or to toss into the NIE pot any estimate on which for some reason or other they want inter-agency agreement or which is too big for their own resources. As a result the national estimates system has been burdened with certain projects not national in scope.

Another potential danger is that O/NE will become involved in a multiplicity of internal CIA tasks not related directly to the production of NIE's. Its staff has already become involved in processing an increasing number of miscellaneous requests. Some of these can be answered as a by-product of national intelligence production. However, if O/NE should become extensively involved in operational support, formulation of detailed field collection requirements, or coordination of non-estimative matters, not only will a larger staff be required but O/NE would be in danger of losing its present focus on a single primary function, the production of NIE's.

2. Improving the quality of the estimate.

This is one of the most serious problems confronting O/NE. Our consumers are entitled to expect estimates as firm and unequivocal as the available evidence permits. If evidence is not in hand but available, the problem is reduced to a mechanical one: getting the evidence in time to include it in the estimate.

A more complex problem is to improve our ability to answer critical questions to which intelligence cannot give a definitive answer. To be more positive than is justified under the circumstances is to mislead the estimates consumer. In many cases we must frankly say "we do not know". To delineate accurately the

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various gradations of estimative certainty — ranging from "the chances are slight that...." through "it almost certain that...." is in itself a problem which requires further study. A real barrier remains even after ways and means of refining the "language" of estimates has been found: to get the common acceptance and usage necessary to make the "language" meaningful.

But the greatest need is for more adequate agency contributions upon which firmer national estimates can be based. In the last analysis, the NIE product will depend upon the calibre of this intelligence support. The relatively low quality of much of the intelligence which goes into the final national estimate reflects a weakness of the entire US intelligence system, not simply of the estimates process itself. While in general the IAC agency contributions have shown improvement, honesty compels the verdict that they have not in many cases proved wholly adequate. The fault lies both with the agencies and with O/NE. In some cases O/NE has not clearly and explicitly outlined the problem; in others it has not made clear to the agencies the deficiencies of their contributions and called for further ones. O/NE must develop more systematic methods of checking the accuracy and adequacy of these contributions, utilizing for this purpose other offices of CIA. In some cases the IAC contributors are inadequately staffed and equipped to make the maximum contribution to NIE's.

There is a related need for better qualified agency representation at the coordination meetings with the Board of National Estimates. Some agencies send the interested intelligence experts, other representatives often are not those who actually prepared the contributions and frequently are not technically qualified to discuss the estimate under review. In some cases the representatives are not authorized sufficient latitude to deal on an equal basis with the Board.

3. Inter-office relationships.

There are no serious problems in relationships between O/NE and the covert offices or with O/RR and O/SI. The production of these offices used directly or indirectly by O/NE in its estimates is by no means what we should like it to be. However, these problems rest with the individual offices and do not arise for lack of cooperation or because of faulty procedures.

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In the case of O/CI, it has become apparent that its function requires further definition, both as to the degree of estimating to be allowed in current publications, and as to its role in support of the national estimates process. Evaluation and comment on raw intelligence currently reported is essential. It is undesirable on the other hand to pass on to high officials of the government estimates hastily produced by a single CIA office which does not represent and may actually conflict with considered and coordinated judgments. In practice, the distinction between evaluation of intelligence and the drawing of estimates is difficult to maintain and O/CI comments in the CIA Daily and Weekly publications frequently ignore the distinction. One solution might be to enforce a flat prohibition against any estimative comment whatsoever. On the other hand, it may well be desirable for current publications to include initial first-hand reactions to the situations reported. In such cases it would be impracticable because of time limitations for O/NE to prepare the estimative comments or even to clear those prepared by O/CI. In these circumstances it would seem necessary to emphasize more clearly that such comments are preliminary O/CI opinions which might be superseded later by considered and coordinated HRP's. In many cases O/CI, instead of making their own estimative comments, could profitably refer to existing national estimates. Up to now CIA current publications often seem to have ignored the agreed views of the IAC agencies as expressed in national intelligence estimates.

Another problem is that of utilizing O/CI resources in support of the national estimates process. O/NE as a small independent office solely concerned with preparing and coordinating national estimates has established effective working relationships with O/RR and O/SI in support of national estimates. However, O/NE stands in a position relative to O/CI somewhat different from that vis-a-vis the offices which provide services of "common concern" not available elsewhere. O/NE, with its limited resources, has from the outset depended upon O/CI's much greater facilities for systematically reviewing and analyzing the vast flow of current intelligence data upon which the estimators relies. O/CI constantly evaluates and processes a large amount of current material of great value in keeping the estimators abreast of developments, in providing essential background, and in making certain that the intelligence which goes into national estimates is accurate and up to date. It is in these fields that a closer relationship between the two offices should be developed.

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Attempts are being made by O/NE and O/CI to deal with these problems. O/CI is already performing the necessary function of keeping O/NE briefed through its daily, weekly, and other current publications. O/CI analysts have been and are consulted on aspects of various estimates. In the Latin-American field, O/NE has relied on O/CI for the preparation of draft estimates based on agency contributions, and for staff participation in Board and agency coordination meetings.

O/NE believes efforts must continue to be made to exploit fully O/CI's capability for (1) ensuring that intelligence going into each national estimate represents the latest information available; (2) supplementing agency contribution with information from sources not fully processed by the other IAC agencies. This would increase O/NE's capability for detecting any inadequacy of the IAC agency contributions and for taking remedial measures.

4. Inter-agency relationships.

The weakness of some past estimates in large measure is a by-product of the present process of intelligence-by-committee by which national intelligence is produced. An estimate which must reflect the largest possible area of agreement among a half dozen IAC agencies, in event of conflicting views tends to approach the lowest common denominator of inter-agency concurrence, especially when time is short. It is at this point that the delicate problem of CIA's role vis-a-vis that of the other agencies in the estimates process comes to the fore.

CIA recognizes that national intelligence must and should represent the best collective judgment of all agencies concerned. At the same time, CIA, as an independent agency under the control of no department, must also speak with an independent and presumably objective voice. In many instances departmental policy preoccupations tend to color the views which a departmental intelligence component takes. This situation is largely inherent in the relationship of such components to the agencies of which they are a part. To a degree it is a healthy phenomenon, but at times it violates a basic principle of national intelligence, that it must render an impartial estimate, resolving or identifying differences but not obscuring them.

It is in this connection that the still nebulous authority of the Board of National Estimates in relation to the IAC agencies

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needs to be further clarified. In theory the Board, as the Director's estimating facility, is solely responsible for its own estimates, while the IAC itself is only advisory to the Director and the final estimate is his own. In practice, however, both the Director and the Board have leaned over backward in order to seek full agency agreement in event of conflict despite the weakening of the estimate which in some cases has occurred. Both recognize that the great value of a national estimate is that it represents a consolidated interagency opinion and that every effort should be made to reach a united view. It is not clear, however, whether after full consideration of agency opinions, the Board can overrule the other agencies if this seems essential as a last resort.

To place the Board of National Estimates too much on the same level with the departmental agencies and to adhere too closely to a desire for unanimous interagency agreement may tend to weaken the NIE product and to vitiate the role which O/NE can play. Essentially this is a problem of balancing the need for the most cooperative inter-agency relationships (without which the present estimates process cannot function) against the occasionally conflicting need for objective and forthright estimates, even at the expense of some dissent.

5. Relation of Intelligence to the Consumer.

There is a serious need not only for more effective collaboration among intelligence producers, but for better relations between them and their clients — the planning and policy making echelons of the government. Progress has been made in the past year toward closer ties between intelligence and policy, particularly through O/NE support of CIA participation in the NSC, through more intimate relationships with the JIG and the State Policy Planning Staff and the numerous requests via these channels for national intelligence support of policy formulation and review. However, the very success of these new relationships indicates how much further they might be developed and how mutually profitable they might be. Policy makers still do not take sufficient cognizance of intelligence and of the contribution it can make. The NSC Staff in particular could more frequently request national intelligence estimates on specific NSC policy problems which they face. Replacement of the present "arms-length" relationship by a closer working partnership of intelligence and policy, system, would greatly increase the value of national intelligence estimates.

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Equally serious in its limitations on the usefulness of the intelligence product is the continued opposition of the military services to permitting intelligence to take account of US capabilities in evaluating enemy capabilities and intentions. O/NE has been forced to cancel several estimates because of the refusal of the services to permit intelligence components to evaluate comparative Allied capabilities versus those of the USSR. Yet without such a comparative evaluation, no useful estimate of, say, Soviet capabilities and intentions to invade Japan is possible. Intelligence's need to know is sharply circumscribed; it has no need or desire to know "war plans." In many cases it does need, however, precise operational assumptions to permit meaningful comparative evaluations instead of artificial and misleading estimates of Soviet "raw" capabilities.